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National Intelligence Bulletin

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June 22, 1974

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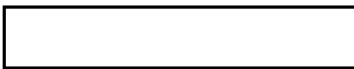
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EGYPT-USSR

The Cairo press is now reporting that Foreign Minister Fahmi will make his oft-postponed trip to Moscow on July 15. The visit is intended primarily to arrange an Egyptian-Soviet summit. Fahmi reportedly will also probe Soviet intentions with regard to arms deliveries, which Moscow suspended in April, but it seems questionable whether the proposed summit will take place if Moscow refuses to resume the arms flow.

Fahmi will reportedly take the position that Egypt's improved relations with the US should not stand in the way of friendly Cairo-Moscow ties. Egyptian officials and the Cairo media have made this point repeatedly in the two months since Sadat ended an anti-Soviet propaganda campaign. Sadat wants an amicable relationship based on mutual cooperation without the sponsor-client ties that bound the two in the past.

Fahmi and the Soviets will surely also discuss the timing of the Geneva conference, and differences of view on this point could become a source of renewed haggling. The Soviets have been pressing since the Syrian-Israeli disengagement agreement was reached last month for an early resumption of the talks in Geneva, the only forum in which Moscow can participate actively in negotiations. The Egyptians, on the other hand, are approaching the next round slowly. Recognizing the difficulties that lie ahead with the Palestinians, Sadat has said publicly that the Arabs must coordinate their positions before going to Geneva, and Cairo anticipates that the conference will not convene until after the Arab summit scheduled for September.

Although Fahmi's mission is designed to ascertain in general where the Egyptian-Soviet relationship is going, Cairo's specific interest in the future of arms deliveries

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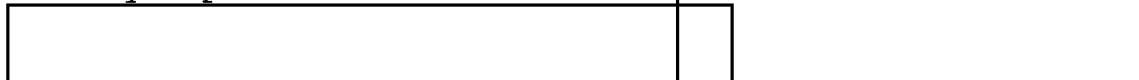
undoubtedly also reflects concern that the suspension is beginning to tell within the Egyptian armed forces. Military leaders may be pressing for some relief from a situation that has left Egypt's Soviet-equipped forces without a flow of spare parts for over two months.

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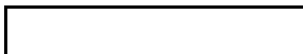
Even if Moscow resumes arms deliveries, Sadat can be expected to pursue his efforts to find other sources of military equipment in an effort to avoid again becoming wholly dependent on the Soviets.

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counter to Jordan's position, the wording of Sadat's statements on this issue does not in fact preclude support for King Husayn's promise--which the PLO rejects--to allow the Palestinians self-determination after Jordan has negotiated for the return of the West Bank.

What the Egyptians have not said in public is perhaps an equally telling indication that their backing of the Palestinians is not without limit. Egyptian officials and the media have recently avoided any direct reference to the PLO as the "sole legitimate" representative of the Palestinians in negotiations. Foreign Minister Fahmi, moreover, in statements denouncing Israeli retaliatory raids over the past two months, has consistently termed them a crime against Lebanon and the "Arab nation," but not against the Palestinians who are their target.

Sadat recently appointed Fahmi to oversee the coordination of Egyptian-Palestinian policy. Fahmi

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is a tough bargainer, and Sadat's use of him with the Palestinians is thus probably another sign of his determination to involve them in the negotiating process.

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FEDAYEEN

Lebanese Defense Minister Malouf on June 20 stated that ground-to-air missiles--presumably the shoulder-fired SA-7--had been launched against Israeli aircraft this week from Palestinian refugee camps in Lebanon. This suggests that the fedayeen, who have responsibility for the security and defense of the camps, also control the missiles. An Israeli military spokesman acknowledged that a number of shoulder-fired missiles were fired at the attacking Israeli aircraft.

SA-7s have been fired at Israeli aircraft in Lebanese airspace before, but they were believed to have come from outside the refugee camps and from areas near Mount Hermon and the Syrian border. This suggested that the missiles, whoever fired them, had been under the effective control of Syrian rather than fedayeen forces. Whatever degree of autonomy the fedayeen may now have in using the SA-7, Damascus remains the primary source of these weapons and is in a position to cut off their supply at any time.

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USSR - WEST GERMANY

The USSR has again criticized the proposal to establish a West German Federal Environmental Office in West Berlin, which was approved by the Bundestag this week. On June 19, a Soviet diplomat in Bonn repeated the Soviet claim that such an office would violate the Quadripartite Agreement on Berlin. He added that, instead of interfering with the access routes to the city, as threatened earlier, the Soviets might retaliate by creating difficulties in West German representation of West Berlin abroad. Retaliation could take the form of a rigid Soviet position in the legal assistance negotiations that are going on with West Germany, or of creating technical complications in West German consular representation of West Berlin citizens abroad.

The Soviets are opposed to any moves that would tie West Berlin closer to West Germany. They may be aiming for assurances from the Western powers that the environment office, if it is opened in West Berlin, will be the last West German initiative of its kind.

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CAMBODIA

Major military action remains centered along Route 5 and the Tonle Sap River northwest of Phnom Penh as government forces attempt to re-establish a supply link to the northwest.

Following the successful relief of Lovek and evacuation of civilian refugees from that base early in the week, government troops on June 19 recaptured the river town of Kompong Luong, overrun by the Khmer Communists in late April. Insurgent units apparently took heavy losses trying to block the government advance up Route 5. The establishment of riverside defenses at Kompong Luong and near Lovek just to the north is a major step in restoring the flow of agricultural goods down the Tonle Sap to Phnom Penh.

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In the far southwest, government forces have been slow to react to increased Communist activity around the port of Kompong Som and the nearby air base at Ream. Insurgent units that moved on to Route 4 west of Ream late last week have been driven off, but government troops have made no serious move to dislodge the insurgents from positions several miles east of the air base. The Communists are moving reinforcements into this sector and could begin shelling government naval and air facilities unless local government commanders become more aggressive.

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USSR-CHINA

Moscow yesterday made its fourth protest to China over Peking's continued detention of the Soviet helicopter crew that landed inside China on March 14. The portion of the note that has been made public is less threatening than the note issued on May 2.

Yesterday's message says that the Soviet public is concerned because China has taken a "profoundly unfriendly stand prompted by evil intentions" and--like the earlier notes--demands the "immediate return" of the crew.

Moscow probably decided to issue the milder protest hoping to keep the Chinese from launching any public campaign about the helicopter incident just prior to the Soviet-US summit. Soviet leaders do not want headlines attesting to the poor state of Sino-Soviet relations just as they are about to engage in high-level talks with US leaders.

The Chinese have said nothing publicly about the helicopter incident since they responded to Moscow's first note by charging that the crew had been engaged in espionage activity. The Soviets are nervous, however, because some Chinese officials have said privately that the crew will be publicly tried. [REDACTED]

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INDIA

The 13-nation aid-to-India consortium has pledged new aid totaling \$1.1 billion for 1974-75. Although some dissatisfaction was expressed concerning India's recent nuclear test, the amount of aid pledged by most consortium members increased, compared with last year. The pledges, \$300 million short of the World Bank's recommendation, are not firm commitments until approved by donor governments.

The bank proposed that 45 percent of India's current debt obligations of about \$550 million be deferred. Most consortium members accepted this proposal and also agreed to softer terms on new aid. The US, which already provides some of the easiest terms, agreed to defer the same amount of debt as last year--\$29 million--rather than the 45 percent share--\$64 million--suggested by the bank. Japan refused to defer 45 percent, unless all countries accepted the proposal. Thus, further agreement on debt deferral was stymied. Failure to reach unanimous agreement will not prevent some consortium countries from providing debt relief to India.

The US is now seeking Congressional authority for \$75 million in new development assistance for India in 1974-75, the first new US aid since December 1971. PL-480 grant food aid of about \$45 million again will be extended in 1974-75.

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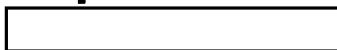
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